DOCUMENT RESUME

ED 048 648 EA 003 363

AUTHOR Porter, David O.; And Others
TITLE The Mobilization of Federal Aid by Local Schools: A Political and Economic Analysis. Working Draft.
PUB DATE 5 Feb 71
NOTE 76p.; Paper presented at American Educational Research Association Annual Meeting (55th, New York, New York, February 4-7, 1971)

EDRS PRICE EDRS Price MF-$0.65 HC-$3.29
DESCRIPTORS Educational Economics, *Educational Finance, *Federal Aid, Federal Legislation, Federal State Relationship, Models, School Funds, *School Support, *Speeches, Staff Role, Staff Utilization, *State Federal Aid, State Federal Support

ABSTRACT

This paper focuses on the processes used by school districts to mobilize Federal aid, and outlines a framework for discovering and analyzing factors that influence districts' mobilization patterns. A major study finding is that factors other than Federal regulations and formulas have a great impact on patterns of resource allocation used by recipient districts. These factors include (1) ambiguity of Federal goals, (2) unsophisticated technologies, (3) strategies such as multipocket budgeting or marginal mobilizing, and (4) professionalism and vested interests of school staffs. (Author/LLR)

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THE MOBILIZATION OF FEDERAL AID BY LOCAL SCHOOLS: A POLITICAL AND ECONOMIC ANALYSIS

by

David O. Porter, Teddie W. Porter and David C. Warner*

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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A paper presented at the annual meeting of the American Educational Research Association. New York City, New York, February 5, 1971.

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By David O. Porter, Teddie W. Porter and David C. Warner*

A Christmas present sent from a distance can always be exchanged for another at the local store.

--Kenneth Boulding in comments at the meetings of the American Economic Association, December 1970.

I. INTRODUCTION

The superintendent and his staff had gathered in the superintendent's modern, comfortable office for the interview. The air conditioning had been working sporatically that morning and the assistant superintendents were muttering over their discomfort. The superintendent was thinking about federal aid programs ongoing within the district. There were just not enough of them, he said. His staff people had not been able to spend enough time in Washington or at the state capitol to find out "where the extra bits" of money could be mobilized. Also, they should spend more time visiting other districts asking, "Boy, how'd you get that federal money?"

This interview typified the basic finding of our study of federal aid to local school districts. School districts do not passively wait for funds to be given to them. They actively mobilize funds from their many income sources and will concentrate their efforts at any one time on the most productive sources available to it. The district mentioned above, located in a progressive, medium-sized Southern city, had spent the last five years

re-evaluating their staff and educational program. During this time, the budget had increased over 100 per cent. The staff had expanded and improved in quality. In 1965, there had been only one staff member with a doctorate; now there were five and two others who had nearly completed their dissertations.

But where had the money come from? The superintendent, upon assuming office in 1965, made the judgement that his community was not making an "appropriate financial effort" to support their public schools. He hired an outside research firm to come in and evaluate the needs of the district and suggest where the resources for improvements could come from. They recommended, not surprisingly, that the local community support a higher quality of education. The superintendent set about, through speeches, radio shows, and the expansion of his public relations office to build local support for a more expensive educational program.

In the early years of this effort, little attention was given to the federal government or its programs. The superintendent was not opposed to federal aid, but he could see a much more productive source of income within the district itself. Only after the district administration had succeeded in raising the relatively low tax rate in the district, did they begin to look more closely at state and federal programs which were based on formulae other than simple entitlements.

Contrast the relatively tranquil setting this district with the tension of the superintendent's office in a large district located in the center of a large Northern metropolis. Its local tax base had been declining

for the last decade. The expenses of the school district and city government had been rising steadily as they struggled to serve their increasingly low income clintele. The city government had preempted the local property tax as they did not need to submit each increase in the tax levy to the voters for approval. In this situation, the school district was forced to look beyond the boundaries of the district for resources. Instead of building up a strong community relations division(except as required by federal guidelines), they assembled a staff which specialized in proposal writing and lobbying at the state and federal levels of government. Through the 1960's, this staff became one of the most vigorous and important components of the district administration. This is in contrast to the almost non-existant staff which planned for local millage campaigns. Millage elections were a thing of the past. It was a foregone conclusion they would be defeated. There were still sufficient local funds to provide a base from which to operate, but it was the state, federal and private grants which supplied the funds for any innovative, special or intensive programs.

The example of these two districts, and many others like either of them, showed that our research could not focus narrowly on the various federal aid programs. Rather, federal aid must be seen as an integral part of the district's entire funding structure. Each district has its own, unique sets of priorities for programs and sources of revenues. It was our purpose to study how one of these sources of revenue (aid from the federal government) and the priorities it encourages fit into the priorities of other income sources of local districts.

This paper is comprised of four main sections. Sections II and III are closely related. Section II outlines the basic theory of resource mobilization and how it is applied to questions of federal aid. Section III lists and discusses the factors which influence the latitude a school district will have in mobilizing funds. The central theme of this Section is that there are several factors other than the formal legislative and executive guidelines which have a more potent influence on how federal funds will be utilized by local school districts.

Section IV is the least developed. As a result of analyzing our interviews and other data, a few general propositions emerged which seem to explain how school districts will organize their staffs to mobilize resources to meet different types of situations for mobilization. This Section explores these propositions and suggests some future research.

Section V summarizes the findings of the paper and suggests adjustments in governmental policies to accomodate our findings. It also suggests some of the implications of this study for future research on resource mobilization and federal aid to education and other fields.

II. MOBILIZATION OR ALLOCATION

A. A Theory of Resource Mobilization

Many analyses of grants-in-aid begin with the assumption that the funds are allocated by higher levels of government (a donor) to lower levels (a recipient). Much of the research is concerned with formulating controls which will insure that the recipient will use the funds in accordance with the donor's desires.

The central question in our research was to look at the flow of funds from the federal government to local schools, to see if the mandates of the federal legislation were being carried out in the local districts. To do this, we visited thirty-six school districts located in all major regions of the United States. These districts varied in size from 750 to 500,000 students in average daily attendance and spent from $300 to $1200 in current opening funds per child. We also visited the state department of education in four states and interviewed several officials in the United States Office of Education (USOE). Our primary objective was to find how local school officials obtained and utilized federal funds. We conducted in-depth interviews with the school personnel interested in mobilizing these funds and supplimented the interviews with any written data we could obtain. We focused on the various titles of the Elementary-Secondary Education Act (ESEA) and the National Defense Education Act (NDEA), but looked at other legislation as it seemed important. The interviews were conducted in two series. The first in the summer of 1968 by Mr. Porter and the second in the summer of 1970 by Mr. Porter, Mr. Warner and Mrs. Porter.

The basic finding of our research is that factors other than the objective requirements of the legislation and guidelines of the executive branch are more decisive in the mobilization and utilization of federal funds in local school districts. The standard controls of the federal government--such as matching funds, maintenance of effort, and audits--had an effect on how the grants are used locally, but a much smaller effect than often thought. Other, more powerful, factors overshadowed the effect of the legislative and executive controls.

To get at a clearer picture of these more powerful factors, a different perspective was more useful. Instead of examining grants-in-aid from the perspective of the donor, as do most studies of resource allocation, we have looked at grants from the perspective of the recipient. In other words, instead of trying to explain federal grants-in-aid from the "top down", we looked at the process from the "bottom up". In doing so, we have relied on a theory of resource mobilization by organizations,[1] not a theory of resource allocation.

The basic premises of the theory of resource mobilization are:

(1) Organizations try to maintain themselves by meeting what they perceive as their own needs and priorities.

(2) Actors in organizations do not passively receive funds allocated to them from above; instead, they actively mobilize funds.

Therefore, according to these assumptions, a formal subordination to higher levels of government does not preclude vigorous efforts at the lower levels to shape programs, to perpetuate ongoing but related activities or to modify the officially defined objectives of the aid.

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[1]An extensive literature exists relating to resource mobilization by organizations. Amitai Etzioni in The Active Society (New York: The Free Press, 1968) surveys much of this literature in his chapter on "Societal Mobilization and Societal Change" (pp. 387-427). For a more explicit treatment of the theory of resource mobilization relied upon by the authors see Chapter II, "A Mobilization Theory," in David O. Porter, Who Slices the Pie? (Detroit, Michigan: Center for Urban Studies, Wayne State University, 1970). Porter's analysis draws heavily on Bertram M. Gross, The Managing of Organizations (New York: The Free Press, 1968); James G. Miller, "Living Systems: Basic Concepts," Behavioral Science, Vol. X, July 1965; Talcott Parsons, Structure and Process in Modern Societies (Glencoe, Illinois: The Free Press, 1960); and James D. Thompson, Organizations in Action (New York: McGraw-Hill Co., 1967).

B. Three Patterns of Resource Flows

The analysis of resource mobilization in agencies receiving federal aid will be facilitated by three concepts: (1) "symbolic allocation," refers to situations where a grant releases funds which would have been used in aided programs; (2) "catalytic allocation", occurs when a grant attracts additional funds into aided programs; and (3) "perfect allocation", occurs when the full amount of aid (and no more) is added to the "normal growth" of a given program. These concepts are formally defined below, and rest on the assumptions that:

(1) The federal government does not control all expenditures of school districts;

(2) School districts have many sources of income other than federal aid;

(3) The federal government has imperfect knowledge about revenues and expenditures within local school districts.

There is much discussion on the impact of federal aid. Careful statistical studies have proliferated, primarily based on data collected by the United States Bureau of the Census or other federal and state agencies. These studies have tried to determine the impact of federal aid on state and local taxing efforts.[2] The results of these studies have been

[2]Roy W. Bahl, "Studies of Determinants of Public Expenditures: A Review," an unpublished paper preparedwhile Professor Bahl served as a research fellow with the Metropolitan Studies Program at Syracuse University, summarizes this literature. Illustrative examples of this type of research include George A. Bishop, "Stimulative Versus Substitutive Effects of State School Aid in New England," National Tax Journal, Vo. XVII (1964), pp. 131-143: Alan K. Campbell and Seymour Sacks, Metropolitan America: Fiscal Patterns and Governmental Systems(New York: The Free Press, 1967); and Jerry Miner, Social and Economic Factors in Spending for Public Education (Syracuse, N. Y.; Syracuse University Press, 1963).

relatively inconclusive. Hopefully, our analysis of some of the economic and political variables within recipient governments will be more helpful in identifying the influences of federal funds on state and local governments.

Figure 1

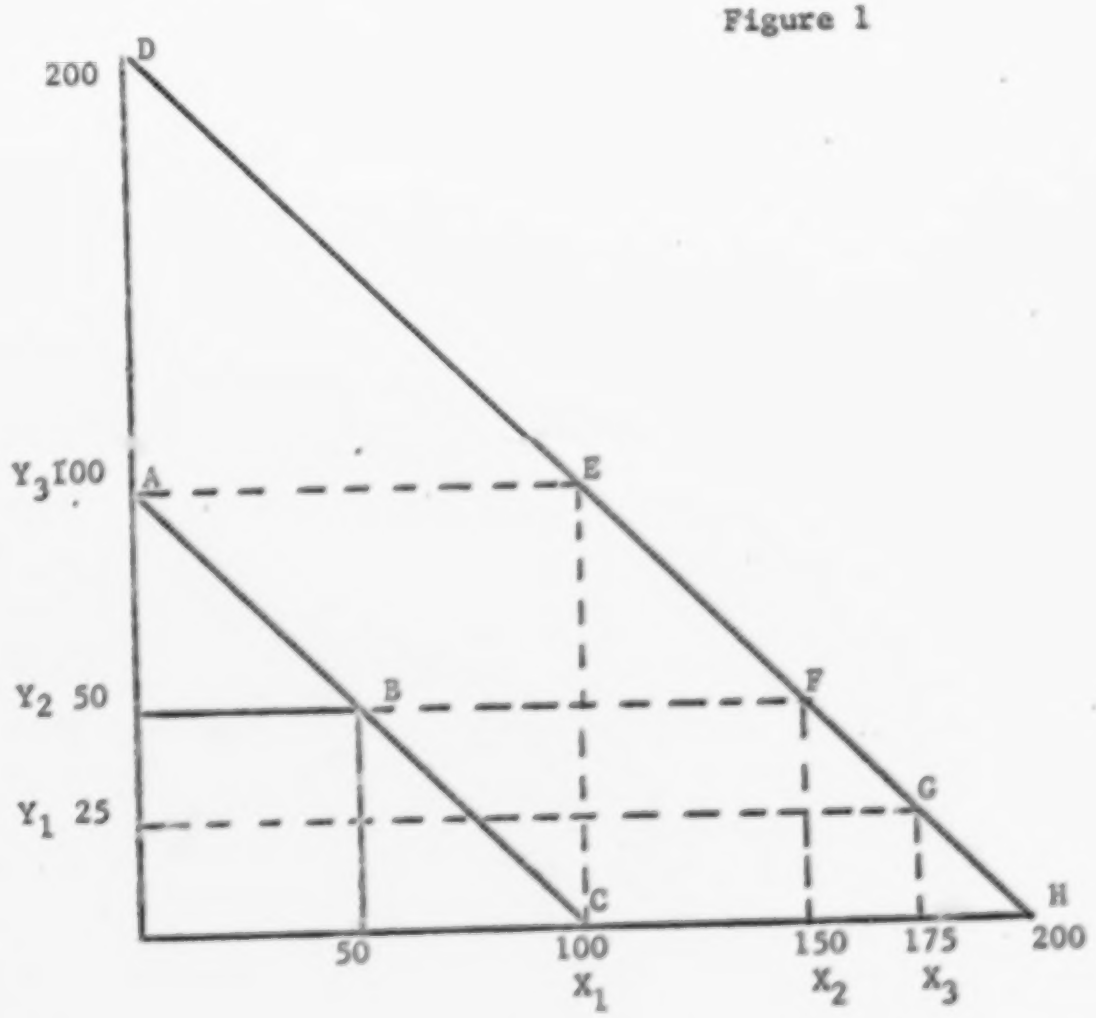


Figure 1 presents a static model of alternative patterns of resource flows in grant-in-aid programs. In this two-program budget, the horizontal axis, X, represents an aided program (e.g., textbooks and materials), and the vertical axis, Y, an unaided program (teacher salaries). The line AC represents a budget constraint (i.e., it borders all combinations of X and Y which may be purchased within a given budget) prior toany grants or loans.

When aid is given program X, a new budget line, DH, is created. The movement of the budget constraint from AC to DH may change the proportional distribution of the budget in one of the three basic patterns. First, there is the case of "symbolic allocation" (often called a "substitution effect") in which the recipient does not increase consumption of X in proportion to the aid and the previous rates of expenditures for X. Some portion of the resource is released by the grant and used for purchases of more Y. The extreme case of this pattern is illustrated in Figure 1 by $Y3EX_1$.[3]

The second case is "catalytic allocation," in which the grant-in-aid for X attracts funds in addition to the magnitude of the grant to program X. Lines Y_1CX_3 illustrate this effect. The attraction of additional funds into program X may be influenced by an increasing demand for the program, the lumpiness of many auxiliary services, or a number of other factors.

Third, there is the case of "perfect allocation", illustrated by Y_2FX_2, in which the total magnitude of the grant is used to purchase more X, with Y remaining constant. This last pattern is one point on the budget line from E through H. Ironically, this is the pattern that is implicitly assumed to occur most frequently by many allocators or evaluators of federal aid.

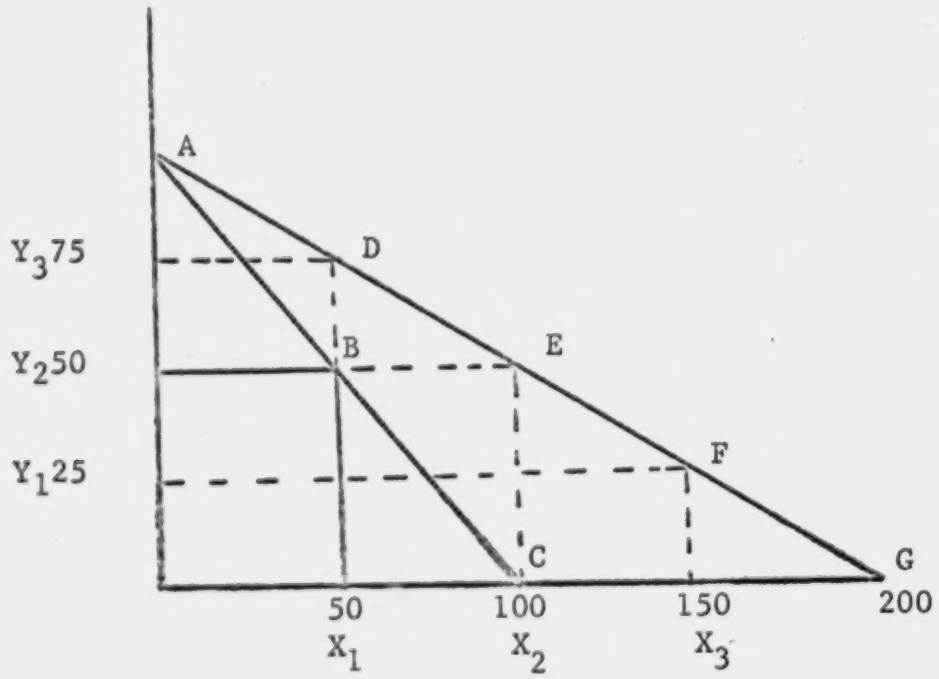
In summary, symbolic allocation occurs when the impact of aid allocated to specific programs is not restricted to those categories. Catalytic allocation occurs when funds allocated to specific programs attract additional

[3]You must spend at least as much as the amount of the grant on the aided program. Accordingly, in Figure 1, a symbolic allocation could not extend into the DE section of the new budget line, DH.

resources into the aided categories. Perfect allocation occurs when the full impact of the aid is restricted to the designated programs.

Figure 1 is based on the assumptions of a 100 percent (or no matching funds) grant and constant relative prices (before and after the grant). Patterns of allocation may be influenced by changing either of these assumptions. Figure 2 illustrates the effect of a 50 percent matching grant. The effect is as if the relative prices of X and Y were changed. Each dollar buys twice as much in relation to Y as it did formerly.[4]

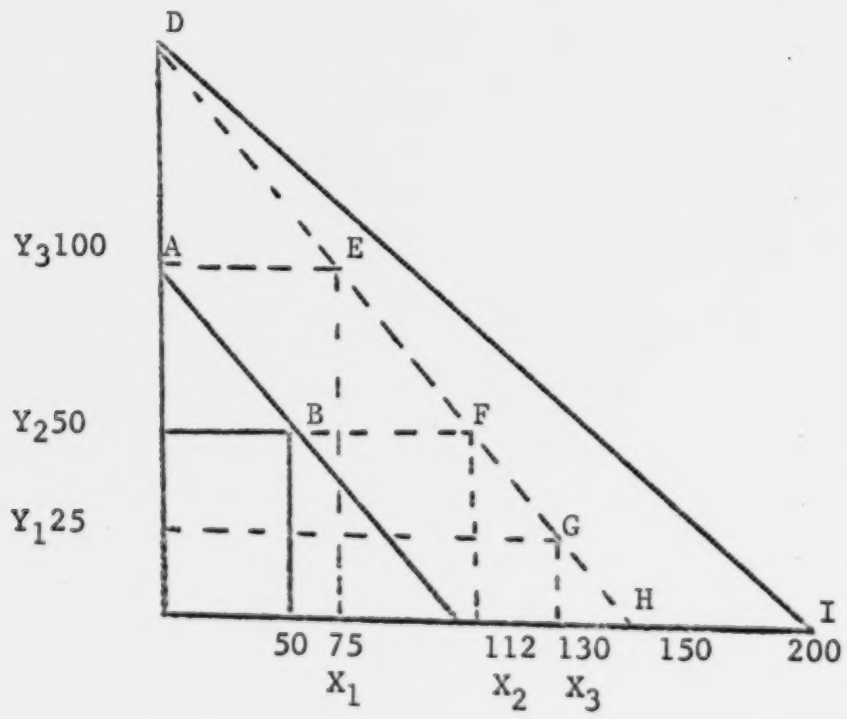
Figure 2



[4] Break recognized the power of a matching grant to draw other funds into a program by lowering its relative cost when he criticized the 90/10 matching formula for interstate highways. He argued that such a formula makes the money too attractive to turn down, and is "likely to divert state funds from superior uses." Break, Intergovernmental Fiscal Relations, p. 96. However, in "Federal Highway Grants: A Theory of Stimulation, a Practice of Substitution" (mimeo, February 23, 1967), Thomas O'Brian and William H. Robinson of the staff of the Bureau of the Budget, using a model similiar to the one developed in this section, found that the 90/10 formula of the interstate highway program allowed local and state governments to reduce their tax efforts for highways.

If the item aided is in short supply, increasing funds for its purchase may increase its price absolutely. Figure 3 illustrates the effect of a 25 percent increase in the price of X. A new budget constraint line, DH, indicates in terms of pre-grant dollars the effect of a 25 percent price increase. This line has a steeper slope than DI, the budget line that would have resulted if there had been no increase in the price of X. If there is a nonmatching grant of $100 for X, as is shown here, there will be less incentive to buy more of X, as it has increased in its price. There will be more incentive, on purely economic grounds, to allocate symbolically. This is the opposite effect of the situation in Figure 2. If a matching grant is combined with an increase in the price of X, the amount of the change in relative prices caused by the matching fund will be diminished. It is possible that an increase in price could cancel out the effects of the matching fund grant completely, or even put X in a worse position relative to Y than it was prior to the aid program.

Figure 3



An important aspect of the dynamics of federal aid programs can be seen when time is considered as a variable in the analysis.[5] There are three possible patterns of expenditure that can result in an aided program as you go from one year to the next: expenditures can increase, decrease or remain the same. First, assume that both items in the budget have been increasing from year to year by about the same amount. These increases are supported through raises in the tax rate or an expansion of the tax base. In Table 1, this situation is illustrated in columns 1 and 2a. The "normal amount of growth"[6] was $1,000 in each category of expenditure. Now assume that a $2,000 grant is given to the district for books with the assumption of "normal growth," a perfect allocation is represented by column 2b. Columns 2c, 2d, and 2e show how the budget can be arranged (1) decrease taxes, (2) allocate symbolically or (3) allocate catalytically. Several levels of expenditure for teacher salaries, books, or the total budget can all be justified within the restrictions of the grant. Each justification depends on whether "normal growth" is considered, and if so, the value assigned to this growth.

Column 2f shows the case when the "normal growth" of expenditure for books is declining rather than expanding. In this instance, perfect

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[5]We are indebted to Professor John Henning, Professor of Economics at Syracuse University, for bringing this feature of the analysis to our attention.

[6]Determining a "normal amount of growth," or what expenditures would have been if a grant had not been given, is a very complex problem. An accounting or budgeting technique which has solved this problem has not come to our attention.

YEAR	1	2_a	2_b	2_c	2_d	2_e	2_f	2_g	2_h	2_i
	Previous Year	Current year: with "normal" growth	Current year: Perfect allocation plus growth	Current year: Perfect allocation minus growth	Current year: Symbolic allocation of growth	Current year: Catalytic allocation of growth	Current year: "Normal" decline	Current year: Perfect allocation	Current year: Perfect allocation plus tax increases	Current year: Catalytic allocation
Grant for Books	None	None	$2,000	$2,000	$2,000	$2,000		$2,000	$2,000	$2,000
Teacher Salaries	$8,000	9,000	9,000	9,000	10,000	8,000	9,000	9,000	9,000	8,500
Books	1,000	2,000	4,000	3,000	3,000	5,000	500	2,500	3,000	3,000
Total Budget	9,000	11,000	13,000	12,000	13,000	13,000	9,500	11,500	12,000	11,500
Tax Decrease				1,000						
Tax Increase									500	
Symbolic Allocation					1,000					
Catalytic Allocation						1,000				500

TABLE 1

allocation would be $2,500 expenditure for books (column 2g). If the district must use the previous year as a base, they will either have to raise taxes (column 2h) or make a catalytic allocation (2i).

Most of the above discussion dealt with categorical grants-in-aid, the most common type of federal aid program. There are, however, a number of general grants, like aid to schools in "federally-affected" areas, and the probable adoption of some form of general-purpose, block grant programs for states and cities. Further, there are many general aid programs to local units from the states. The concepts of symbolic, catalytic, and perfect allocation do not apply in these cases. However, the difficulty in enforcing any "maintenance of effort" provisos that may accompany block grants can be seen from Table 1. The block grants may simply replace the local tax effort needed to provide the normal growth of programs.

III. LATITUDES OF CHOICE IN MOBILIZING ACTIVITIES

Our research found six general categories of variables which affect the latitude of school districts in choosing one of the three patterns of resource allocation discussed in Section II. Even though these categories were derived from our research in aid to education, they are sufficiently general to be applied, with minor modifications, to the analysis of resource mobilization in other substantive areas. But before beginning our discussion of these variables, two general observations are appropriate.

First, much of the discussion in this section seems to imply a rationality that is often absent from resource mobilizing. Administrators do not always plan to allocate in symbolic, catalytic or perfect patterns. Sometimes, one pattern or another emerges without plan. Further, the

intentions of administrators do not always work out. Facedwith a market basket of resources with conflicting stipulations, the administrator often becomes confused or allocates as best he can.

Second, there is no proper ordering of the variables. Singly, no category explains substantially why one or another of the patterns of resource allocation will be used. Rather, these general categories are highly interrelated and are not mutually exclusive. Therefore, the order of discussion of the variables is arbitrary and is not meant to imply any rank order of importance.

A. Technology and Goals

Considerations of efficiency and effectiveness imply, in the extreme case, first, that there are definite goals for programs and, second, that a technology exists which is sufficiently understood so as to permit objective evaluations of the impact of an additional or modified input on the outputs of the organization. Unfortunately, most educational programs aided by federal funds do not meet these two conditions. There is often considerable ambiguity in the goals being sought and the technologies supporting the achievement of goals is often quite primitive. No one is quite sure what constitutes being an "educated person". Therefore, no one can specify a single program to "educate" children; there are many types of training programs and many life styles for which different educational approaches are appropriate. The choice among these alternatives is a problem of values and politics. Further, even when a specific goal is agreed upon, the theories of learning are not sufficiently developed to

prescribe a series of steps to be followed to arrive at the goal.[1]

Our observations of federal aid programs to education suggest the following proposition as the factors of technology and goals relate to resource mobilization by organizations:

> Administrators will have more latitude in choosing the pattern of resource allocation they desire as the primary technology they employ becomes less sophisticated and agreement on the objectives of the programs become more ambiguous.

Educators have, relative to organizations using more refined technologies, considerable latitude in their choice of allocation patterns because of the lack of consensus in the goals sought and the unsophisticated technologies sought. To support this assertion, we will first review some of the rather extensive literature which tries to specify the variables comprising the education production function,[2] and then we will cite some

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[1] See James Thompson, Organizations in Action (New York: McGraw-Hill, Inc., 1967), Chapter 7, for an excellent discussion of the effects of goals and technologies on evaluation.

[2] Samuel Bowles, "Towards an Educational Production Function," in Education, Income and Human Capital, W. Lee Hansen, ed. National Bureau of Economic Research, Columbia University Press, New York: 1970), is perhaps the broadest survey. Also see Martin Katzman, "Distribution and Production in a Big City Elementary School System," in Yale Economic Essays, New Haven, 1969, pp. 201-257; Jesse Burkhead, Input and Output in Large City High Schools (Syracuse, New York: Syracuse University Press, 1967); Jay Stark, The Pattern of Resource Allocation in Education: the Detroit Public Schools 1940 to 1960, unpublished doctoral dissertation, University of Michigan, 1969; Steve Balkin, "School Finance and Equal Educational Opportunity," unpublished essay, Department of Economics, Wayne State University.

examples of the degree of latitude practised by administrators we interviewed in 1968 and 1970.

Educational Inputs

Bowles, Katzman and others have identified a number of different inputs for education. If changes in the individual student are defined as the output then the inputs can be categorized into three groups: 1) inputs brought by the student from his innate ability, his experiences, and his family to the school; 2) inputs brought by other students, i.e. mostly their socio-economic characteristics;[3] and, 3) the inputs provided by or discretionary to the school itself such as teachers, building, libraries, equipment and so forth. Attempts have been made to affect educational inputs relating to student background, experience, and ability through Head Start Programs, Community Development and other programs funded through the Office of Economic Opportunity. Similarly attempts to enforce integration as a precondition of federal aid to schools have been an attempt to provide most students with subset of advantaged peers in the classroom. These are vital concerns but most aid to schools has been predicated upon the notion

[3]We abstract this discussion from the controversy regarding either the conclusions or the methodology of the Coleman report. Those interested in that controversy should see James S. Coleman , et.al., Equality of Educational Opportunity, (Washington: United States Office of Education, 1966); Samuel Bowles and M. Levin, "The Determinants of Scholastic Achievement: An Appraisal of Some Recent Evidence," Journal of Human Resources, Vol. III, No. 1, pp. 3-24; James S. Coleman, "Equality of Educational Opportunity: Reply to Bowles and Levin," Journal of Human Resources, Vol. III, No. 2, pp. 237-246; Marshal S. Smith, "Equality of Educational Opportunity: comments on Bowles and Levin," Journal of Human Resources, Vol. III, No. 3, pp. 384-389; Bowles and Levin, "More on Multi-Collinearity and the Effectiveness of Schools," Journal of Human Resources, Vol. III, No. 3, pp. 393-400. The discussion centered mostly on the extent to which the independent variables were truly independent in determining achievement.

that school policy inputs (such as smaller class size, teacher training, or equipment) have a significant impact. It is thought that the schools are better off dealing with the educational symptoms of poverty rather than its root causes.

A major problem with evaluating the impact of inputs discretionary to the school is that as formal schooling exists in the United States today, the distribution of inputs to various children is very difficult to measure. Within each school students are assigned to classes either randomly, by ability, or (when schools are integrated, but classes segregated) often by race. Within the classroom the teacher may allocate his attention, enthusiasm, or support as he sees fit. Two students in the same school may receive quite different chairs, class size, physical facilities or scholastic peers. Two students in the same class may receive significantly different teacher inputs. Even if the aid is a case of catalytic or perfect allocation at the classroom level, many of the students to be aided may be ignored by the teacher.

Educational Outputs

Bowles, Katzman and many others have recognized that "schools are multi-product firms." Bowles states,

> Schools perform two primary economic functions: selection and socialization. The socialization process may be broadly construed as the preparation of youths to fill adult roles.... We would like to measure school output by post school economic or social performance or by indices of valued characteristics thought to be acquired in school. Unfortunately, our indices of school output are based largely on tests administered in school and designed to measure scholastic achievement.[4]

[4]Bowles, "Toward Production Function," pp. 20-21.

Bowles cites a number of studies which seem to have indicated a fairly strong relationship between scores on tests and later achievement.

Katzman points out that there may be tradeoffs among the outputs he has isolated. Katzman found that

> The production analysis permits us to evaluate schools in terms of their output rather than by physical inputs or costs thereof. We have found that the linear homogeniety and efficiency assumptions of the dollar flow method of evaluation do not hold in the case of the Boston public school system . . . The production regressions weight each input by its contribution to each of the outputs. The finding that no inputs have consistent effects on all the outputs considered derogates input surrogates for school "quality." Input bundles which give the school holding power, to the benefit of the poorer student, harm the performance of the better students. Unless one has a priori prices or values of the various school outputs, school "quality" cannot be uniquely specified by looking at the set of outputs.[5]

To ask the local school board or the superintendent to assign explicit public prices or values to subsidies to poorer performers relative to better performers would be politically explosive. Rather such allocations are done implicity and are a function of the attitudes of the school administrator and the mobilization skills of subgroups in the community and amongst the teachers.[6]

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[5]Katzman, "Distribution and Production", pp. 20-21.

[6]Herbert Gans, "The New School System," in Governing Education, Alan Rosenthal, ed., (Garden City: Anchor Books, 1969), describes the conflicts which occurred in Levittown, New Jersey, between a superintendent who "was intensely concerned with average students, retarded children, and slow learners" and upper middle class parents who wanted to have their children attend Ivy League colleges. The superintendent wanted to "devote extra energies and additional resources to the retarded with lowest priority given to bright students." Middle class parents were successful in mobilizing additional resources for their children.

Improving the Effectiveness of Schools

Given the uncertainty of the effect of input on the outputs of education, we did not expect to find many studies which convincingly show how the production function in education can be made more efficient. However, there have been some findings recently which seem to indicate that innovations exist which, if implemented, would add to the "effectiveness" of education. Bowles states,

> Children do not learn in the same way, nor do they learn the same things. Lesser and Studolsky, for example, found dramatic differences in the patterns of scholastic proficiency on four different dimensions of learning among Chinese, Jews, Negroes, and Puerto Ricans. When we find consistent differences in patterns of response to school inputs, we have good grounds for grouping students according to those patterns and estimating a number of different technologies. Casual inspection of the results of Hanushek's, Kiesling's and my own work suggest that it is useful to think of distinct educational production technologies--at least for the four way classification of students--black/white and rich/poor.[7]

This finding, if true, is certainly of interest to state departments of education and others who are in charge of designing and organizing compensatory education programs. It would also provide grantors the ability to develop technical assistance capability which they should perhaps have had in the first place. [8]

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[7]Bowles, "Toward Production Function," pp. 19-20. The Lesser and Studolsky article is "Learning Patterns in the Disadvantaged," Harvard Educational Review, Vol. 37, No. 4, (1967), 546-593.

[8]Elchanan Cohn, "Economies of Scale in Iowa High School Operations," Journal of Human Resources III, Vol. 4, pp. 422-434. See also Werner Hirsch "Determinants of Public Education Expenditures," National Tax Journal, March 1960, pp. 29-40.

Others have shown that there appear to be scale economies in the provision of education services; but they have not always recognized the political problems of consolidating or decentralizing school districts. Other analysts have argued that salary schedules should be changed to reward desirable characteristics and to provide differentials for scarce skills or training.[9] Another analyst has argued that data seem to show that, on the average to raise a pupil's test score one point, it is between five and ten times cheaper to buy verbal ability in teachers rather than years of experience.[10] If in fact these are characteristics easily purchased on the market, one suspects that it would take remarkable federal incentives to overcome the professional education lobby which in periods of teacher oversupply tends to protect those who are inside school systems.

Choosing Allocation Patterns

There were many examples in our interviews of how the ambiguity of the goals sought and the inability of federal evaluators to assess the impact of thier inputs allowed greater latitude in the choice of patterns of resource allocation. A review of the evolution of one federal aid program illustrates this point well.

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[9] James Edward Bruno, "Building Economic Incentives into Large Urban School District Salary Schedules," Education and Urban Society, pp. 405-422.

[10] Henry Levin, "A Cost Effectiveness Analysis of Teacher Selection," Journal of Human Resources, Vol. V, No. 1, Winter 1960, pp. 24-33.

In ESEA I, the objective is to help poor children. The formula for distributing the funds is based on the number of children from poor and minority families and is distributed within districts to "target schools" with the highest concentrations of eligible children. But, what services or goods should be purchased with funds from ESEA I to help these children? How can the USOE be assured that the funds are being used effectively? How can choices be made among many alternative schemes for teaching poor children? What are the goals in teaching these children--giving them broader cultural experiences or narrowly preparing them for entry into the labor market after they leave school?

These questions were not answered when ESEA I funds entered the budgets of local schools in 1966. Administrators had great latitude in the pattern of allocation they chose because there were so many different programs which could reasonably be conceived of as assisting poor children. Programs ranged from attempts to expose ghetto children to culture by taking them on field trips to museums or bringing art exhibits and string quartets into the schools; the reduction of class size; hiring paraprofessionals to assist teachers; remedial reading, mathematics and speech programs; extended day programs with sessions after school to provide extra tutoring; summer programs, and many others. With so many choices, a district could choose a symbolic, catalytic or perfect pattern of allocation at will. For instance, one large district decided to use its ESEA I funds to reduce class size in the target schools. This required the hiring of more teachers and the building of more classrooms; both of these measures were objectives the district had been trying to fund for several years and

and on which the district would have spent some of its non-federal resources. Another district began a program of reading and mathematics remediation that rather quickly became much larger than could be funded through ESEA I funds alone.

As the program under ESEA I developed, there were growing pressures for concrete results from the program.[11] The goals were narrowed to increasing the reading and mathematics abilities of eligible children. With these more clearly defined goals, fewer programs could be proposed for support under ESEA I. However, because of the uncertain technology associated with teaching reading and mathematics to educationally deprived children, school districts were still able to adopt widely differing approaches to achieve the new objectives. Thus, the districts still had considerable choice in the programs they adopted and the pattern of resource allocation they followed.

B. Income Sources

A second general factor influencing the degree of latitude exercised by administrators in mobilizing their resources is the number of income sources they have to support their program. Our research suggests the following proposition to explain the affect of the number of income sources on resource mobilization:

[11] For example, see Washington Research Project, Title I of ESEA, Is It Helping Poor Children? (New York: NAACP Legal Defense and Educational Fund, Inc., 1969.)

Administrators will have greater latitude in the choice of a pattern of resouce allocation as the number of income sources increases.

The logic of this proposition is simple. If a district has only one income source, the supplier is able to monitor completely the impact of his contributions. As the number of income sources increases, the ability of any single supplier to trace the impact of his contribution diminishes. The reason can be traced in part to two budgetary strategies practiced, consciously and unconsciously, by almost every administrator we interviewed.

Multi-Pocket Budgeting

The first strategy takes advantage of the varying restrictions placed on income sources. Administrators tend to use those resources with the greatest number of restrictions first, and save those with the fewest restrictions until last, i.e., a sort of propensity to conserve all-purpose resources. In this paper, this strategy is called "multi-pocket budgeting".

The experience of a former budget officer in a United Nations relief agency provides an example of how multi-pocket budgeting operates. Immediately after World War II, the agency was receiving donations from many countries. Each donation had different encumbrances on how the funds could be spent. Most of poorer countries specified that any money they gave must be spent in the donating country because of unfavorable balances of payments. As the number of accounts and encumbrances increased, the problem of compre-

hending and complying with the restrictions on each account became so complicated that thirty different accounts were opened in banks around Washington. Money was juggled from account to account in an effort to meet all the donor's requirements.

Donations from the United States and Canada were the most flexible of the currencies as the United Nations relief programs began. But as Cold War tensions increased, the United States Congress put more restrictions on how their money could be used. The most severe problems arose when the United States placed retroactive restrictions on the use of funds. Canadian dollars were shifted to the United States accounts to cover previously made purchases. The content of the purchases was not changed immediately, merely the account from which the bills were paid. A priority for using the funds developed. The accounts with the most constraints were always obligated first. General purpose funds, in this case Canadian dollars, were used only as a last resort.

The same procedures were observed in many school districts. Each district has many different accounts from which to finance its activities, and each account has different encumbrances on how it may be used. Federal allocators often assume implicitly that the local administrators plan their "local" programs, fund them, and then turn to the funds available from the federal government. Any federal programs undertaken are added only after the local budget has been obligated. This procedure is usually not followed. More often local administrators follow the strategy of multi-pocket budgeting. They plan their programs and then review all their income sources, including federal grants, to find the needed resources. This latter procedure tends

to promote local priorities at the expense of federal ones.

Federal regulations attempt to keep the programs funded through federal grants separate. Even though many officials at USOE favor the coordination of federal programs by the states and local districts, the law has required that the funds not be comingled. All the proposals must finance separate programs. This requirement has frustrated many attempts by state and local officials to coordinate the use of their federal funds, but there is still multi-pocket budgeting in spite of the federal regulation. Several examples were found during the interviews with superintendents.

The most overt method of multi-pocket budgeting was developed through what many school administrators are calling "program budgeting". Districts design a number of programs--such as libraries, vocational education, or compensatory education--and seek funds to finance each program. Many different sources of income may be used to support the program. The source of funds is not considered important by the district, merely that the program is fully financed.

There had been resistance to this procedure in Washington, but even so, many states are encouraging their districts to plan in this fashion. One state adopted a procedure whereby each district submits to the state department of education in one giant form all of their federal proposals for federal aid under any act or title. This procedure has encouraged a coordinated use of federal funds. One district developed a program to provide "central libraries" in each elementary school. About half of the money for this program was provided by local sources, but the balance was comprised of funds from NDEA III, ESEA I and ESEA II. According to the financial officer of this district, the impact of federal funds on the content and substance

of his school's program was reduced through program packaging. Local priorities were given precedence over federal priorities. In most instances, he said, the federal money merely speeded up programs to which the local district was already committed.

Another district in the same state had the same experience with the policy of packaging the federal aid programs. The preparation of the federal proposals in a single form encouraged more awareness of the possibility for multi-pocket budgeting.

Multi-pocket budgeting is not restricted, however, to program budgets. Most districts shift their more flexible resources to other uses as categorical grants become available. Two large city districts which receive rather substantial amounts of private aid each year quit writing proposals for compensatory programs when ESEA I went into operation. They are now trying to get such programs as a closed circuit television station or a computer teaching program funded through their private sources of income and are relying on the federal government to finance their programs for the urban poor.

Two state governments did essentially the same thing. One state had been spending rather substantial amounts for compensatory programs prior to 1965, with the amounts increasing every year. After the enactment of the ESEA I, the rate of increase in state appropriations for compensatory educational programs fell off sharply. The second state had been experiencing constant and increasingly effective pressure to expand state aid for school libraries. With the passage of ESEA II, the interests of the educational associations switched to other matters.

Superintendents from two school districts in large central cities have adopted rather sophisticated multi-pocket budgeting procedures. Their normal approach to the budget is to plan the programs they think are essential and then pass these programs to their staffs to find the financial support. They are fully aware that this procedure makesthe federal categorical grants fit into the priorities of their programs, rather than having local programs fit into the policies of the federal government.

A suburban school district in the Southwest devotes as much of its federal money as possible to salaries. This is the hardest money for them to find from other sources. The superintendent indicated he had no difficulty raising money for new construction. They can issue special bonds and they have a special bonding fund. But with the federal money they have hired an additional elementary counselor, an additional nurse, and a speech therapist.

Two of the Southern districts used an informal "packaging" approach in their multi-pocket budgeting. They planned the building of libraries, language laboratories and science facilities throughout their districts. ESEA I funds were used to purchase these programs in the black schools of the district; NDEA III, ESEA II and local funds were used to put these facilities in the white schools. This procedure was adopted because of the differing encumbrances one each of the sources of income. The ESEA I funds must be used in "target schools". At the time of our interview in 1968 "freedom of choice" was still the approved method of integrating and the target schools were generally the black schools. The NDEA III and ESEA II funds may be used anywhere in the district. Thus, the superintendents had the opportunity to plan the installation of the facilities throughout the district and use several

sources of income to finance the projects.

In summary, multi-pocket budgeting is a normal activity for most administrators. Program budgeting practices have increased the natural tendency for school administrators to employ this strategy. It encourages them to plan their programs in such a manner that they have more flexibility in choosing symbolic, catalytic or perfect patterns of resource allocation. But regardless of whether program budgeting techniques are used, an administrator has more flexibility in his program when he obligates his more restricted funds for items in his regular program, and reserves general purpose funds for activities which are not funded through other sources of income.

Marginal Mobilizing

A second budgetary strategy relates to the relative productiveness of income sources. Organizations will design their mobilizing efforts so they will be the most productive on the margin, i.e., they marginally mobilized by devoting most of their time to those income sources which will yield the highest return for their efforts. This strategy, called "marginal mobilizing" in this paper, was observed in many of the districts we visited and explained in part why some districts mobilize more federal funds than others. Some illustrations will demonstrate how this strategy operates.

In districts where the local tax base is productive and expanding (usually middle and upper income suburbs) the efforts of the superintendent's staff will usually be directed more toward cultivating the local voters than seeking federal funds. Often, such districts will derive less than one half percent of their budgets from federal sources, even though they may be eligible

to compete for substantially more federal funding. Only the federal money that to the district comes automatically, and with few strings, will be incorporated into the budget. Efforts will be focused on maintaining support for the school's programs in the community, setting up and coaching millage campaigns for new funds, and working with PTA's and other parent groups. The care with which a millage campaign is planned, the training and co-optation of citizen groups into the campaign and the efforts to maintain favorable community attitudes is impressive. The most able men on the superintendent's staff are assigned to thess efforts. If a superintendent fails to win acceptance for a millage request, it is regarded as a lack of essential political skills by the citizens who worked for a passage of the millage. Incompetence in this area may lead to major shake-ups in the administration.

When local sources of revenue are declining or are not regarded as flexible upward, administrators view these funds as a base from which to work and develop other sources of revenue. In other words, they devote their efforts to the cultivation of income sources which would be more productive on the margin. In one large central city district, receipts from local property taxes were holding constant or declining slowly. Schoolmen saw little chance of substantially increasing their local revenues because of a long-term erosion of the tax base and vigorous competition from the municipal government for what funds were available. The municipal government had a strategic advantage in capturing local property tax revenues; it did not need to gain voter approval for increases in its tax rates as

the school district was required to do. In this setting, the school district had given up hope of realizing substantially more revenue from local sources and had assembled a highly skilled, forty member staff to mobilize funds from the federal and state levels of government. Daily contacts are maintained with the controllers of funds in the state and federal government. Some of the district's personnel are nationally acknowledged as experts in the federal and state support of local schools. A minimum of effort was devoted to cultivating local financial support for its programs.

In summary, the strategies of multi-pocket budgeting and marginal mobilizing suggest two ordering procedures in budgeting that may increase the flexibility of an organization in their choice of allocation patterns. First, through multi-pocket budgeting, an organization will obligate its resources in such a way so as to place its own priorities ahead of those of its donors; and second, through marginal mobilizing an organization will concentrate on those income sources which are most productive for supporting the activities they hope to continue.

C. Demand for Education

The demand for educational services varies from school district to school district. Demands for a particular educational service or a package of services may press the administrators of a district to adopt one or another pattern of resource allocation. Our research indicated that

> Administrators will adopt the pattern of resource allocation which will satisfy the demands of their patrons for educational services.

This proposition may seem obvious, but its impact on the manner in which federal aid to education is utilized is substantial and sometimes overlooked by analysts of federal aid.

This paper will not be able to analyze carefully all the factors which determine the demand for educational services. From our research, however, four broad interdependent variables seemed to account for most of the variations in demand from district to district. These variables were the past expenditures of the district, the ideology and attitudes of the patrons, the regional location of the district and the degree of urbanization.

Past Expenditures

When Congress passes legislation to aid a specific educational program, the legislators may be responding to a perceived national need. But some states or districts may already be providing this service adequately, or the aided program may not be of high priority in a particular district.

Administrators in states or districts which are providing "adequate" levels of an aided program often (1) attempt to allocate their federal grants symbolically or (2) spend greater amounts on the aided educational service than they would normally purchase or than they need. Districts which have low levels of expenditures for the aided programs are often able to satisfy a neglected local need with federal funds.

Examples of all three patterns of resource allocation were found in the utilization of ESEA I that appeared to be rooted in their past expenditures. Under ESEA II, school districts receive aid for the purchase of library materials, texts and other printed materials. An important requirement of the program is that each district maintain its local effort.

Library expenditures, however, are subject to rather uneven increases and vary widely from state to state. The maintenance of effort clause penalized jurisdictions which had recently increased their supports for libraries and rewarded those which were spending small amounts on these materials. High expenditure districts were prevented from shifting local funds to areas of higher local priority. Districts which had been negligent in providing library materials and services were able to use the ESEA II funds to the fullest extent and allocate local money that would have been used to strengthen libraries for other purposes. In at least one case, the federal grant allowed a state to keep its taxes down for another year or two. In this state, an officer in the state department of education said that the legislature had been under pressure for several years to provide additional funds for libraries. This pressure subsided after the enactment of ESEA. Similar pressure groups in a neighboring state were successful in getting a bill aiding libraries through the legislature. The legislature in the latter state is now cutting back its aid because the support from the combined programs is excessive. How this cut will affect the federal aid had not been settled at the time of the interview.

In other jurisdictions, especially in the Southwest, the federal funds served as a catalyst for substantially expanded library programs. Expenditures had been relatively low and when the federal money became available, administrators designed projects which required more resources than those provided by the federal grant and previous local funds combined.

In summary, much of the success deemed for a program is determined by the past expenditure patterns of the districts. Local priorities, and

therefore the pattern of resource allocation adopted by the district, will be greatly influenced by how well a grant-in-aid program fits into the district's current needs. If the grant is restricted to an area in which the district thinks it is doing an adequate job, they will either not participate in the program or work out a procedure where at least part of the funds are symbolically allocated. If the grant is in an area where the district's needs are great, the funds can either be used to substitute for local funds which would have been used to fill that need or they may serve as a catalyst to programs larger than the federal funds alone could provide.

Ideology and Attitudes

There are two issues in this section: attitudes toward education generally and attitudes toward federal aid to public education.

The first probably has a more significant effect on educational expenditures. The attitudes of district residence toward education seemed to see limits on the level of spending from all sources of income, but particularly the local level. The persons of some districts, especially in rural or semi-rural settings, thought that educational expenditures should be relatively low. Although there was evidence in most of the districts interviewed that these attitudes were changing, the changes were moving so slowly that the present attitudes were viewed by school personnel as part of the district's permanent legacy. In another group of districts, the attitudes toward education and educational expenditures allowed substantial expenditures without serious dispute. Interest in education was very high and there was a willingness to support unusually high levels of expenditures. Inexpensive

of the source of the funds. A third set of districts was not particularly wealthy, but their attitudes toward education were such that they supported educational expenditures at a higher level than many more wealthy districts. A fourth set of districts were those which had rather extensive local resources, but could not exploit them fully because of the unfavorable attitudes toward high educational expenditures held by persons.

Some districts interviewed refused federal aid on ideological grounds. Two districts in the Southwest would not accept funds through the early NDEA programs, but later relented when these funds were supplemented by the ESEA grants. A state official in a Rocky Mountain state reported the same pattern. Several districts in the politically more conservative sections of the state had refused to participate in the NDEA programs during their beginning years, but were now participating; they had discovered that the federal "strings" were not too tight. A wealthy Southern suburban district with a predominately Jewish population declined to participate in ESEA I programs, but on different ideological grounds. The school board and superintendent fully supported the ideology behind the ESEA, but thought the funds should be used in districts with larger numbers of poor children.

The ideological impetus of many Southern districts in a completed mixture of the desire for racial segregation in the schools and a suspicion of federal control of local schools. The Southern districts interviewed were too poor to reject federal aid, however. They accepted the aid, but on the rationalization that integration of their schools was unavoidable, irrespective of whether they accept federal funds. Segregation is, with or without federal aid, exclusive of recent orders of the United States

Supreme Court. So, the school boards and superintendents concluded, if integration was inevitable, they may as well get as much as they can from the federal government to pay for the integrated system. One Southern superintendent expressed satisfaction that he had been able to mobilize over 15 per cent of his budget from federal sources. Another was receiving over 25 per cent of his revenues from Washington. (The national average is under eight per cent.) A third Southern district accepted federal funds, but excluded any mention of them in their regular budget statements. They funded "special projects" with ESEA and NDEA grants and excluded them from their current operating budget. They claimed that they received less than one-half of one per cent of their operating funds from the federal government. But when NDEA and ESEA programs were added to the total operating budget, as is the usual practice, the per cent of the current budget received from the federal government increased to almost nine per cent.

Regional Location

Differences in past expenditures and attitudes toward educational expenditures are often reflected in the regional location of the state or district. Thus, the various regions of the United States offer differing combinations and levels of school services. When a national program of federal aid attempts to impose a national priority on these varying regions, there are obviously differences in how the funds will be utilized. For instance, in many indicators of educational attainments, districts in the South lag behind those in the North and West. Fewer students finish high school, fewer seek higher education, and those who do seek higher

education have fewer nationally recognized universities to attend if they choose to remain in the South. At the other extreme, schools in the Northeast have been known for their high retension rates, diversified and sophisticated offerings, and high per pupil expenditures. Higher education in the Northeast is dominated by private universities which have selective admissions policies and recruit students nationally. In order to prepare students for entry into these schools, Northeastern elementary and secondary systems must provide broader curriculums than schools outside this region.

Different mobilization patterns are related to these differences in expectations about the performance of the school system . Because of higher expectations of patrons in Northeastern communities, most districts had provided libraries in their elementary and junior high schools several years prior to the passage of ESEA II. Local and state sources of finance had been established to support libraries. Therefore, superintendents in these districts often shifted their ESEA II entitlements toward their relatively tighter construction budgets. In Southern and some of the Rocky Mountain states, funds for expanded library programs were just beginning to become available for elementary and junior high schools. The ESEA II funds were used to purchase basic book collections and hire new personnel. In one district in the South, the demands from patrons for library facilities were such that the superintendent indicated that he thought funds for libraries were sufficient prior to ESEA II, even though he had used the ESEA II funds to organize and staff libraries in his elementary and junior high schools.

A similar pattern of expenditure was observed in the use of NDEA III and NDEA V-A funds. Northeastern school districts had begun their science and counseling programs prior to or of concurrently with the development of the NDEA legislation in 1958. By the time we interviewed superintendents in that region in 1968, these programs were mature and deeply entrenched in the curricula. Most districts in the North (especially the suburban districts) used the NDEA funds in a completely symbolic pattern; their scientific and technological programs were fully developed and continuing without regard for the federal program. Many of these districts did not even count on the NDEA funds until they received them. The federal payment schedules were sufficiently uncertain that these districts would fill in their NDEA III applications after they had planned their programs, fund the programs as if the NDEA III assistance were not available, and then use any grants they eventually received for next year's program or some other activity. In Southern districts, however, the science programs were just beginning. The NDEA funds, accompanied by state and local revenues which were swelled by the eight years of prosperity through the Sixties, were being used to set up basic programs and were frequently used in a catalytic allocation pattern.

Urbanization Patterns

Variations in school districts which are rooted in urban, suburban or rural locations have been rather extensively studied.[12] A number of these

[12]Alan K. Campbell and Jesse Burkhead, "Public Policy for Urban America," in Issues in Urban Economics, Harvey S. Perloff and Lowdon Wingo, Jr., eds. (Baltimore: The Johns Hopkins Press, 1968); Alan K. Campbell and Seymour Sacks, Metropolitan America (New York: The Free Press, 1967); Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American System (Washington: Government Printing Office, 1967).

variations, but by no means all of the variations discussed in that literature, were observed in the interviews conducted for this study.

The most salient characteristic observed was the shortage of funds in urban and rural districts. Most large central city and rural districts inteviewed were experiencing rather severe financial shortages. The suburban districts were, as a group, relatively better off. The reasons for this financial press in urban and rural districts may be similar--a declining residential and business base on which the local property taxes were levied. These financial shortages had a definite affect on the flexibility of district mobilizers in the patterns of resource allocation they chose. With local resources so restricted, schoolmen had to look to state and federal funds to meet their basic educational needs. Under these conditions, most of the federal grants were used in perfect or symbolic patterns, with almost no opportunity for catalytic patterns to develop because of the inability of the district to provide any additional local funds.

Other variations were related to the types of programs emphasized. Urban districts were seeking funds for compensatory programs which came largely from the federal government. Funds for the construction of new plants, the central concern of many suburban districts, come primarily from local bond issues; therefore, federal sources were not seen as an important supplier of funds for one of the most pressing needs of the suburban districts. Many suburban districts hardly bothered with any of the federal programs, but central city districts usually had substantial staffs devoting full time to the mobilization of federal funds.

Another characteristic of the location of districts was that the rural districts usually could not identify "concentrations" of low income families. ESEA I funds were distributed throughout such districts as general support or to support programs designed to help the "educationally deprived". Even if there were concentrations of the funds, as required by the ESEA I guidelines, they would be in terms of concentrating on elementary school children, rather than the entire student population. In contrast to these practices, the large city districts were required to carefully identify the individual school buildings with the largest concentrations of eligible children and verify that the funds were being used only for their benefit.

D. Professionalism

The influence of professionalism on the mobilization of resouces in education is subtle, yet difficult to over emphasize. This influence is exercised through the organizations, associations, universities and norms that comprise the general framework of the education profession and the effects these norms and institutions have on individual administrators as they seek to perform within the profession.[13]

Three professional norms are particularly influential in the mobilization of resources in education.[14] First, educationists argue, education

[13]For a more complete discussion of this factor see pp. 114-17, 130-38, and 245-48 in Porter, Who Slices the Pie?

[14]Roscoe C. Martin, Government and the Suburban School (Syracuse: Syracuse University, 1963), pp. 6-7, 98.

must be treated as a separate function, both financially and governmentally. School districts were one of the first, and are now the most numerous, special districts in the United States. Professional educators consistently resist any efforts to combine school districts or their budgets with other local governments. When a school district is part of the regular city government, recommendations are usually made by educators either to separate it from the general government or protect it from partisan politics. Second, and closely related to the first norm, schools should not be involved in partisan politics. Partisan politics are dishonest and corrupt, the argument goes, and the school must be operated in an efficient and "professional" manner. *Third, schools must be controlled by professionals.* Without a credential from an accredited college of education, no critic is credible. Only professionals have the proper training and sufficient experience to offer knowledgeable and workable suggestions for the operation of schools.

As a result of these three norms, education is placed apart from other governmental activities, insuring that its requests for funds will be considered independently, and not in competition with other governmental services. Local government officials with their potentially competing priorities for use of public funds are excluded from authoritative participation in school budgeting; they are both partisan and non-

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[15]Robert A. Dahl, Who Governs? (New Haven: Yale University Press, 1961), p. 161; Howard R. Jones, Financing Public Elementary and Secondary Education (New York: The Center for Applied Research in Education, Inc., 1966), pp. 68-69.

[16]Martin, Suburban School, p. 98.

professional. Even school boards are not able to exert an overwhelming influence on the school budgets because they are not considered professional educators.

Powerful local, state, national and university-based institutions promote these professional norms. The National Educational Association (NEA) and the American Federation of Teachers (AFT), a union affiliated with the AFL-CIO, have organizations of teachers and administrators which correspond with all levels of government. These associations provide bases of organizational and professional power that are located outside the local school district. They serve as powerful lobbying organizations at the state and national levels, and are increasingly becoming bargaining agents for teacher salaries and improved working conditions on the local level.[17] Often in cooperation with colleges of education, state departments of education or the United States Office of Education, they provide local professionals with the research capabilities they need to effectively do battle with reluctant local taxpayers, the school board or the legislature. Statistics show how far below the "national" average a given district or state is in teacher salaries, what the pupil/teacher ratios are in the state or district, how per pupil expenditures compare nationally, or whether local

[17]The Michigan Education Association, the NEA affiliate in Michigan, opposed a proposal to negotiate on teacher salaries at the state level, rather than the local level. Governor William Milliken compalined that the "whipsaw effects" of the teachers dealing with the individuals districts were forcing districts into deficit financing. The MEA preferred to continue the present practice of settling with each district. See "Near-sighted Teachers May Lose in the End," Detroit Free Press, November 3, 1969, p. 6A.

property tax efforts are comparable to those in other districts. Many other such statistics can be produced on short notice.

In addition to their lobbying functions, and perhaps equal in importance, is the control that the colleges of education and the professional associations exercise over the entry of "professionals" into education. The training is long and sufficiently specialized to prevent a graduate from pursuing a livelihood outside of education. Further, the required training reduces the number of persons "qualified" for teaching positions and creates a "shortage." Higher salaries must be paid to personnel in short supply.

The result of these institutions and norms is that professional schoolmen have an overwhelming influence over the governmental apparatus which initiates state and federal legislation, works out guidelines for implementation and evaluation of those programs, and initiates and executes the school programs at the local level. Decisions on whether to seek federal aid and which pattern of resource allocation to follow are often based on professional criteria. Some examples from our interviews will illustrate how professional considerations may affect resource mobilization.

In a Rocky Mountain state, the school system was critically short of resources. State aid was deemed insufficient and inequitably distributed by a formula which nearly ignored any equalization criterion. The NEA affiliate organized a district by district campaign to persuade the legislature to increase aid and reform the equalization formula. The local newspaper in one of the districts visited frequently carried stories on how many teachers were leaving the state because of low salaries, or on the poor quality of uncertified teachers who were accepting the low salaries offered. Signif-

icantly, the pressure was applied not on the local school boards, but on the legislature. Further, the teacher's professional organizations, not the superintendents, were more active and effective in this campaign.

In another case, a state was involved in a feud with the state education association on the certification of teachers. For legal purposes, the state recognized a great number of teachers who were not certified by the statewide association of teachers. The state needed to recognize these teachers so they could give the full amount of state aid to the districts involved. The effect of this action by the state was to encourage school boards to hire personnel who did not meet the professional certification requirements of the teacher association. This practice allowed districts to hold salary schedules down. The teachers retaliated by asking the NEA to censure the state. This had been done, and the pinch of a shortage of certified teachers was being felt at the time the interview were conducted. The teacher's association, acting much like a union, was applying increasingly effective pressure on the state department of education to tighten up their certification procedures and force districts to pay the higher salaries the teachers thought were necessary to attract a sufficient number of certified applicants.

The big city districts interviewed were also facing serious financial shortages. Federal aid specialists from these districts had formed an association to plan strategies for mobilizing more funds from the federal government. This group met regularly and often traveled to Washington to present the case of the large city districts. Their activities included presenting testimony at legislative hearings, placing personnel on committees

in the USOE which drafts the rules and regulations for federally funded programs, and orchestrating major lobbying efforts, such as the successful campaign to override President Nixon's veto in 1969 of funds for federally impacted areas (P.L. 874).

Colleges of education and their areas of research concentration sometimes influence the mobilization activities of local districts. Two small districts had doctoral students handling their federal programs. One of these students was writing his dissertation on programs for education "gifted" children. All the proposals he worked on, including ESEA I, contained something relating to gifted children. In the other districts, the student's primary interests were in team teaching and non-graded schools. Most of his proposals dealt with these subjects. A superintendent in a large city district was working with the dean of a nearby university's college of education on applications of program budgeting to education. This superintendent was developing considerable expertise in these techniques. He has experienced several successes in mobilizing more funds from his board of education that he attributed to the use of these budgeting techniques.

In the case of the individual administrator, professionalism influences resource mobilization in education by providing many alternative ways in which he may develop his career. Educational administration is filled with people who have been trained in subject matter areas or specialities other than general administration. Their career objectives may be determined through associations and interests that are not complimentary with the effective mobilization of resources for a district. Smaller suburban districts and many small city or rural districts seemed to be staffed by

personnel who file these protests. On the other hand, an administrator may view his account success as being closely tied to an ability to mobilize funds and adjust any reservations on those funds to the priorities of his district. This career pattern is found more often in large city districts which have large staffs.

The personality of the individual administrator may be a factor in determining which professional role he may choose for himself. The individual personality, as a psychological variable, has massive but competence for analysis, but the importance of the relationship between certain types of personalities and success at mobilizing federal aid must be emphasized.

A discussion of personality types, such as is found in Anthony Downs' Inside Bureaucracy, could be useful as a departure point in a thorough study of personality as it relates to administrators who successfully mobilize federal aid. For instance, Downs characterizes two groups of administrators, "the purely self-interest officials" and "the mixed-motive officials." "Conservers" are in the first group.

> They do not believe they have much chance of receiving significant gains in power, income, and prestige. Hence both their underlying values and their expectations contribute to their net belief that negative change would be very bad, but positive change would not be very good....
>
> Conservers tend to be biased against any change in the status quo .... The basic personalities of some people naturally incline them to be conservers. This group includes people who are timorous, self-effacing,

> [illegible] [illegible] played by [illegible] [illegible] [illegible]

A person who enjoys projecting proposals, actively pursuing federal money by shepherding the proposals through the bureaucracy, and handling larger sums of money than would ordinarily be provided by local and state sources, is usually the most effective person at mobilizing federal money.

The most successful administrators in considerable communicating with various groups within the community as proposals are developed, with advocates in other districts from whom personal experience is can learn, with professional groups for support and suggestions and with state and federal people in the communication network developed around federal aid to education. He develops helpful contacts in many places and constantly keeps in touch, seeking and creating opportunities for his district. His energies are not directed only toward the daily affairs of the local district.

One respondent who was not particularly energetic or effective at acquiring outside aid, said of a more successful politician that "I would like to be superintendent of schools in Chicago or New York someday." The implication was that activity in federal aid is a way to improve one's professional reputation. Activity in the federal aid network is sometimes seen as a way to gain higher personal visibility beyond the local and even state levels in education and perhaps even beyond the field of education. Thus, besides being anxious to improve education and the image of education in his own district, the superintendent who is skillful in mobilizing federal aid may be partially motivated by his own career goals.

The individual administrator's perception of his role also influences his behavior as a mobilizer. The superintendent who does not bring federal aid into his district may or may not be considered an effective superintendent locally. He may by choice/have decided that he has little to gain from seeking aid over which he has little control. Instead, he may prefer to spend his time and energies on the "efficient allocation of the resources he has on hand." In other words, he does not see it as his job to constantly mobilize resources from outside. Also, he does not have or care to use his resources to delegate someone else to pursue outside money. Possibly he sees himself as a "manager" and in smaller districts, a "jack of all trades", whose main responsibility is for the educational philosophy and the educational process of the district. As he perceives it, his business is education, not finance. His behavior will certainly differ accordingly from that of the administrator who considers mobilizing resource resources as a central responsibility in his job of directing education.

5. Federal Administration and Regulation

Federal regulations have a more limited effect on the allocation patterns of school districts than is often supposed. They are important and administrators are aware of the regulations of each federal program they are participating in; but, in spite of the differing requirements of each federal act, symbolic, statistic and perfect allocation patterns appeared in all of the programs investigated. Other factors, such as the

professionalism of school personnel, the number of other income sources, multi-partisan and marginal budgeting strategies, the ambiguity of the goals of education, the relatively unsophisticated technologies used, and the demands for educational services, are usually a greater influence on how federal aid will be allocated.

The difficulties of evaluating the performance of educational institutions seem to lie at the base of the ineffectiveness of many of the federal controls and regulations. Several federal and state officials lamented that there are no effective tests of the impact of the federal aid on learning programs and that most of the tests measuring student performance are culturally biased. When a new program is introduced with the assistance of federal aid, the administrators cannot predict in advance what information to collect so that effective evaluations can be conducted. This contributes to a continuing lack of the information necessary for evaluation of such programs.

Underlying the lack of adequate tests of effectiveness are the unsophisticated and insensitive technologies used in testing, and the uncertainty about the goals sought. Without clear or stable objectives, and without sophisticated technologies capable of achieving any goals that may be selected, evaluation is at best a calculated game of guesswork.

Information and Feedback

Besides the informational problems associated with technologies and the ambiguity of the goals sought, there are a number of important

administrative difficulties which make the collection of accurate and meaningful information on the performance of a school district difficult. First, in order to obtain information on which allocation patterns are being followed, evaluators must be intimately acquainted with the activities of the district. Such acquaintance cannot be restricted to the financial records. The evaluator must be familiar with such things as the materials being purchased with grant money and whether these items were purchased with other funds in the recent past. Such questions of fact become very complicated in concrete situations.

If there is a large number of income sources with various time schedules and constraints, even "in-depth" investigations cannot authoritatively reveal whether the funds were allocated symbolically or catalytically. The previous intent of the administrator and what he "would have done" without the additional funds is the critical factor. Often the "previous intent" of the administrator is never fully developed or thought out, as the additional funds have already become available. In the end, the donor must rely for the most part on the figures and the word of the recipient that the money was used in a perfect or catalytic allocation pattern.

A further complicating factor is the large number of school districts in the United States. In 1965-66, there were 26,983 school districts.[19] The in-depth evaluations of expenditures needed to determine the use of federal aid funds in this many districts are not feasible. But, not only are there a large number of school districts, there are also many sources of income for each district. These funds come from many different suppliers, each supplier providing funds for a different output

[19] U.S. Office of Education, Digest of Education Statistics, 1968 (Washington: Government Printing Office, 1968), p. 6.

of the district with some sources starting while others are stopping. To determine whether an allocation is symbolic or catalytic under these circumstances is very difficult.

State-Federal Relations

Almost all of the federal aids to education are channeled through state governments, creating two levels of control. Each state submits a "state plan" to the USOE. Federal oversight of the content of the state plan is limited to insuring that it complies with federal statutes. Even so, many of these state plans are quite general and written according to a formula which insures they will comply with the law provided by the USOE. State plans in two federal programs, though, reflected important additions to the federal guidelines. In ESEA I and ESEA III, the size and/or the competitive nature of the programs allowed the states to impose many of their own priorities. For instance, ESEA III was used by some states to channel funds into suburban schools. They viewed the ESEA III funds as a chance to balance the ESEA I money that is tied to the low income populations of the large central cities. In the ESEA I guidelines, one state stipulated that the money must be concentrated in a relatively few target schools, whereas some other states tried to justify spreading the funds around among as many schools as possible within a district. Federal guidelines allowed both practices.

There are, however, more general effects of channeling the funds through the state government. The state department of education, like

local school district, is also mobilizing resources to meet its demands and priorities. Federal funds will be used in symbolic, catalytic and perfect resource allocation processes as they move through the state government to the local district. Thus, the longer "intermediary chain" between the donor and the ultimate recipient, the more probable it is that the restrictions of the donor will be substantially adjusted to meet the priorities of two or more organizations. Two examples were cited earlier. Mounting pressures for a Rocky Mountain state legislature to provide additional support for school libraries were abated by the passage of ESEA II. A state in the Northeast was able to meet many of its demands for increased aid to central city schools with ESEA I. The appropriations from the state for compensatory education stopped increasing after 1965.

Another example of the effect of an intermediary was found in the administration of the vocational education area. Most of this money is channeled through the state departments of education. These departments pass the money on to the local districts, usually supplemented by more state funds than required by the federal laws. Most superintendents are not even aware of the amount of the federal share of their vocational education allowances. From the point of view of the state officials, each district is entitled to a certain budget. Any state funds or any cuts in aid from the federal government are not automatically forwarded to the local districts. The state departments may, barring federal restrictions to the contrary, maintain the same absolute levels of aid to the local districts, but change the shares contributed by the state and federal governments. Funds saved (or lost) may be transferred to other more pressing uses within the state department which may be completely unrelated to vocational education.

Legislative Language

A factor that greatly facilitates a more flexible use of federal aid and such strategies as multi-purpose budgeting and marginal mobilizing is the fact that many of the "categories" for which aid is available are so imprecise and broad that almost any expenditure can be justified. Unsuccessful efforts have been made since the late 1960's to pass a bill which would provide general aid to education. Proponents of federal aid to education have, however, succeeded in pushing bills through Congress which provide at least some funds for every school district in the United States. Considering the varied needs of these thousands of school districts, the "categorical" provisions of the three or four major acts which distribute this money must, of necessity, be rather broad and "general." For instance, every school district has science, mathematics, library and English departments as part of their normal program. It is inevitable that assistance to these programs through the ESEA Title III will become general aid in part. Programs designed to help the "educationally deprived" also include many general fund activities. Although these grants are concentrated in "target schools, the benefits of these grants are not confined to the poorer students. Just about any expenditure in the target school can be justified as aid to the educationally deprived. Expenditures ranging from the construction of new buildings to store audio-visual materials or to reduce class size, the building of new science laboratories, the addition of enrichment to older school buildings and the hiring of speech or reading therapists have been justified as helping the educationally deprived.

Powerful political pressures thwart efforts which may tighten the legislative language of the larger titles. An attempt to revise a guideline of ESEA I provides an excellent example.

The formula for distributing ESEA I funds is based on the number of children in the districts from poor families. But, the intention of the USOE has not been merely to reward jurisdictions that have poor children, but also to have some impact upon the education of these children. Towards this end in February of 1970 the U. S. Commissioner of Education, James Allen, announced a revised guideline on "comparability". He stated that state and local expenditures on each child in a district must be comparable, and that funds from ESEA I must be added to state and local resources. Thus, ESEA I money would be truly compensatory and additive as it is supposed in theory to be.

Only in small Northern suburbs is ESEA I money currently spent in that manner, usually on after school or summer camp activities or by taking poor kids to expensive restaurants to raise their aspiration levels. In no big city or Southern school districts did we observe strict comparability.

In addition to defining comparability strictly,

> the new guideline said the state educational agency shall "require" each local education agency to demonstrate that comparability exists or to submit a plan to achieve comparability for the fall of 1970 school term. By April 1, the states were to submit their criteria for judging local educational agencies adherence to comparability. Although the guideline did not mention it, officials made it clear that non-compliance would mean cutoff of funds--/but/ since most of a school budget--goes into teacher salaries and the

> more experienced, higher paid teachers tend to stay on in middle class schools, school districts would have to add some of the more experienced teachers, para-professionals, or some other instructional program to the under-par schools.[20]

The threat to ongoing programs was fantastic. In some Southern districts the only money spent on black classes is ESEA I money. The money is additive to more local and state efforts.

Commissioner Allen's directive was sidetracked in two ways.

> After a hassle that almost gutted the entire comparability requirement, a little noticed Congressional amendment was passed which undercut the task force definition of comparability in two ways: one, Congress questioned the use of differences in teacher pay based on length of service to figure comparability, and two, the date when noncompliance could mean cutting off funds was pushed back to 1972.[21]

Further, Commissioner Allen was fired early in the summer of 1970, but for reasons unrelated to his educational philosophy.

The looseness of the language in Congressional acts and executive guidelines defining the aided categories, combined with the efforts of administrators to push the federal money into areas of the greatest need for their own districts, converts a large proportion of the categorical grants into general aid. The conversion may result in both symbolic and catalytic allocations. Just which pattern is ambiguous; in order to satisy the formal definition of being a symbolic or a catalytic allocation, funds must be spent "outside" an aided program or attract additional funds into an

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[20] Phyllis Myers, "The Floundering Effort to Improve City Schools," City, June/July, 1970, p. 16.

[21] Ibid., p. 16.

aided category. If the boundaries of the aided and non-aided programs are too imprecise, the concepts of symbolic and catalytic allocation lose much of their usefulness.

Maintenance of Effort

The greatest hope of federal allocators is that aid will be used as "seed" money. Unfortunately, only districts with substantial local resources use the federal money in catalytic allocation patterns with any regularity. Most poor districts cannot afford to take advantage of seed money grants. They cannot provide the resources needed to carry a project beyond the initial stage.

It is very difficult to determine if a grant is actually adding to a local budget. Many of the problems involve the collection of reliable and current information, as discussed earlier in this section. But, in an effort to circumvent these complexities, some federal regulations select an arbitrary method for determining the "base" from which all the aid given to school districts must be additional. This was the procedure followed in the ESEA II. The average expenditures for the two most recent years are the base from which all ESEA II expenditures must add. The difficulty with such a requirement is that expenditures within the fifty states and 26,000 school districts for libraries and texts do not increase at a smooth and uniform rate. They increase and decrease in fits and starts. Those districts or states which had the lack of foresight to increase their expenditures for libraries in 1964 or 1965 have been penalized; those which did not, have been able to use the federal funds to support an essential item in their school programs.

Examples of both these cases were found in the interviews. One small district in the Rocky Mountain region hada base for the purposes of ESEA II of $.50 per child for library materials. Their ESEA II grant contributed $2.00 per child and is four times the former local effort. The district also added most of its NDEA III funds to library projects and raised the amount spent per child in 1967-68 to $3.50. Of this total, only $.50 came from local resources. A near-by state legislature passed a bill in 1965 which more than doubled state assistance to school libraries and a district in a Southwestern city increased its expenditures per child for library materials $4.00 in 1964. Both the state and the district have run into trouble with the maintenance of effort requirement. They maintained their high level of support for libraries through the first two years of ESEA II, but planned to reduceit in 1968-69. They did not know what effect these reductions would have on the federal grant, but the high level of local support combined with the ESEA II funds put too much money into libraries and books.

A second administrative device which has been discussed as affecting the maintenance of local effort is the per cent of matching funds required of the receiving agency.[22] Although this

[22]George F. Break, Intergovernmental Fiscal Relations (Washington: The Brookings Institution, 1967), p. 96; Thomas O'Brian and William H. Robinson, "Federal Highway Grants" (Washington. Bureau of the Budget, February 23, 1967), mimeo.

question was not explored systematically in the interviews, some of its consequences were observed. First, if local districts were required to provide too high a per cent of the funds, there was a strong probability that districts would apply for the funds only if they planned to undertake a project even without the aid. The grant covered so small a proportion of any project that it could not provide sufficient inducement to undertake a new program. The same effect was observed when the absolute amount of the grant was quite small, regardless of the matching formula required. Small grants, such as NDEA III or NDEA V-A, tended to be absorbed into the regular operating budgets of the districts.

On the other hand, if the federal share of the grant is too high, there is the possibility that the recipient will be able to shift into other programs local funds which would have been used for that project. Thomas O'Brian and William H. Robinson demonstrated this effect in their analysis of the federal highway program.[23] The same behavior was observed in many of the compensatory programs funded through ESEA I. Several districts and states were able to rely almost completely on federal funds to meet their demands for these programs. Withoutthe federal aid, they may have provided at least some local funds or they may have been willing to furnish matching funds, The dilemma for the federal policy makers is, "Would the local districts

[23] O'Brian and Robinson, "Federal Highway Grants."

be willing to provide sufficient matching funds to meet the needs for compensatory education that federal officials think necessary?"

Categorical vs. General Grants

In earlier sections it was suggested that the effects of categorical grants are diminished by the large number of income sources in school districts and such budget strategies as multi-pocket budgeting and marginal mobilizing. The combination of these factors seems to support the proposition that as the number of categorical aids increases, the more general these aids become.

But this feature of categorical grants is heavily influenced by the relative wealth of the district. The poorer districts interviewed seemed to prefer categorical grants as long as they are relatively dependable and not tied to some sort of competition.

Categorical grants, in this case, increase the flexibility of the school district by adding more sources of income and facilitating multi-pocket budgeting. Since all general support from state and local funds is committed to salaries and maintenance, the poorer districts view the federal government as their only source of funds for innovative or discretionary projects.

Wealthier districts did not appear as interested in categorical federal aid. They will accept funds which can be obtained with little trouble, such as ESEAII or P.L. 874 and P.L. 815, but often refuse to participate in NDEA III and V-A, and are less than enthusiastic about ESEA I because of the regulations attached to these programs.

The critical differences between the wealthy and poorer districts seems to be that the wealthy districts have enough discretionary funds available from local sources. Local funds do not have as many strings and reports associated with them as the federal grants. Poorer districts are more willing to accept the federal strings because of their need for additional sources of income.

Efforts of Formulae

There are two rationale behind the formulae used in the federal grants to distribute funds. The first rationale seems to be based on notions of equalization. The formulae in the NDEA programs were designed to favor states with lower average personal incomes. The ESEA II formula ignores equalization considerations and distributes funds completely on the basis of the number of school children in the state. Neither of these sets of formulae are concerned with how funds will be expended, but with who gets the money.

The formulae for P.L. 874, P.L. 815 and ESEA I, however, are concerned with aiding a particular category of students. In the first two programs, it is deemed sufficient that the federal government assist school districts with concentrations of students whose parents are employed by the federal government. There is not much interest in how the money is used. But in ESEA I, the federal government is very concerned with how the funds are used. Elaborate guidelines suppliment the distribution formulae, in an effort to restrict the use of the funds to children from poor families.

The administrators interviewed did not seem to be aware of the specific features of distribution formulae for the federal programs except for the formulae that were based on some attributes of the student population in their districts. Then, the only formulae that influenced how the funds were used was the ESEA I program. Those formulae were used to establish the target schools which received aid. With the other formulae, administrators have little control over the distribution of the funds until they reach the state; then they can sometimes influence how it is distributed.

In summary, the effects various federal formulae and regualtions are much smaller than often thought. In fact, most of the complaints about federal controls or federal grants at the local level were not about restrictions upon objects of expenditure (multi-pocket budgeting could deal with those), but rather were concerned with: 1) the difficulty of making many different applications to different agencies; 2) the problem of coordinating five to six different project or granting agency's fiscal years with the school district's fiscal year; and 3) most important the duration of grants was rigid and since accruals of federal funds were not permitted at the local or project level, tremendous waste was engendered. To the local administrator these are very serious deficiencies in federal grants that lead to great inefficiencies. The cost of coordinating many sets of applications, stipulations, and deadlines is quite high.

The most debilitating aspect of many federal grants to every local administrator we interviewed was the fact that they often learned whether

they would receive the funds at the last moment and that each year's allocation had to be entirely spent by the end of the fiscal year. Nearly every ESEA I or ESEA III project director interviewed recommended that : 1) all large programs should be funded initially at a fairly low level for planning purposes and then at a larger level after the "bugs" are ironed out; and 2) that projects' directors or school boards be able to learn how much money they will have to spend at least six to eight months in advance.

A reading program coordinator for Title I programs in a large city stated that, since she did not know until very late the size of her allocation for 1969-70, she could not hire anyone for her program until late August. By then, she felt that the "cream of the crop" had already been hired. Other directors of well established Title I programs complained that federal funding did not cover normal salary increases for their staff and they had to either lay off employees or put local funds into federal programs. This latter problem, although harrassing to the program administrator, does not necessarily cause inefficiency.

ESEA Title III directors often felt that the timing and the no accrual nature of their federal funding led to enormous waste. They would have to spend the first year's money in five to six months, with very little planning or set-up time, and the third year would be spent terminating most of the project. One of the major problems with Title III funding is the three year limit on its funding.

Some districts see this as an opportunity to acquire what they can; others are dismayed that the program is staffed by upwardly mobile gypsies who leave before the end of the program or that the professor from the education college or bureaucrat from the department of education who helped them get the grant left before it could be implemented.

Why do these funding patterns persist? Why is there a proliferation of deadlines, programs, and unreasonable expenditures requirements with accruals not permitted? The answer, we argue, lies in the institutional framework of the federal government which forces grantors of funds to be as concerned with mobilizing the resources for future grants as with efficient allocation of funds which have already been appropriated. Since the grantor's performance and the importance of his bureau oragency is judged by the relevant House Appropriations Subcommittee to be partly a function of its "base" (the previous year's disbursements and expenditures) and partly a function of the political clout of his clientelle (in this case the education establishment), the grantor is under some pressure to make sure many districts get grants and that grant funds are spent by the end of the fiscal year.[24]

IV. THE POLITICS AND ORGANIZATIONAL STRUCTURES OF MOBILIZATION

The most salient feature about resource mobilization by local school districts is the variation in both its forms and its intensity among the

[24]See Aaron Wildavsky, The Politics of the Budgetary Process (Boston: Little, Brown and Co., 1964).

districts. Schoolmen are deeply committed to the idea of local control, and the schools reflect this commitment in their structure and operation. Each state has a different set of rules for the organization of its schools; the only common element from state to state is an agreement on the basic doctrine of local control. Few state departments of education have the desire or capability to impose their will on the local districts in great detail. Any standards are based on the idea of "minimums", leaving any actions beyond these minimum levels to the discretion of the local school boards and district administrators.

In this setting of localism, generalizations about the political and organizational structures used to mobilize funds into the school district are extremely difficult. There is always a danger of becoming so general that the findings are trite and useless. Even so, this study has purposely avoided restricting its analysis to a single city, state or region. An explicit effort has been made to find regularities in the organizational structures and patterns of operation in school districts that transcend local conditions or idiosyncrasies.

The basic propositons about the politics and structures of mobilization that emerge from our analysis of the interviews with school officials were suggested to us by James Thompson's Organization in Action.[1] We found that the organizational units within a school

[1] James D. Thompson, Organizations in Action (New York: McGraw-Hill, Inc., 1967), pp. 66-82.

district which mobilizes resources will vary in number and size, according to how homogeneous or heterogeneous, and stable or shifting the environment of the district is. As a sub-proposition of this statement, and in line with the budgetary strategy of marginal mobilizing outlined in Section III, it was found that these factors were highly correlated with the wealth of the local tax base and the geographic location of the district. Thus, wealthy suburban districts will usually have stable and homogeneous environments and relatively centralized administrative structures and procedures. Poor urban districts will have heterogeneous and shifting environments and decentralized administrative structures and practices. Individuals in the administration of the districts become more or less powerful in the district as the income source or sources they are dealing with become more or less productive.

The sections that follow will first define the terms used in the statement of the propositions, and then report in detail the politics and structures of resource mobilization in three local districts.

A. A Theory of Organization Structure

Building on the concept of bounded rationality developed by Herbert Simon, Thompson suggests that in organization structure,

> We would expect the complexity of the structure, the number and variety of units, to reflect the complexity of the environment. If organization structure is an important means of achieving bounded rationality, then the more difficult the environment, the more important it is to assign a small portion of it to one unit.[2]

[2] Ibid., p. 70.

Thompson classifies the social composition of the environment along two dimensions--one dealing with the degree of homogeneity and the second with the degree of stability. "In contrasting two firms. . . . it is helpful to characterize the task environments as (relatively) homogeneous or heterogeneous, indicating whether the social entities in it /are/ . . . . for organizationally relevant matters, similar to one another."[3] This homogeneity can be along the lines of products or services offered, the suppliers of resources, or the customers of the district. The stability-shifting dimension deals with the rate of change in the composition of immediate environment. Some districts have served relatively stable populations for many years. Their markets have remained the same and they can rely on the same income sources for funds. Others are faced with a constant turn-over in the populations served. The aspirations of their patrons are changing and the demands for educational service differ among a variety of racial or ethnic groups within the district. Sources of financing may be changing as the local tax base declines or as the state and federal governments provide more funds for certain projects.

Using the two dimensions of the homogeneity and the stability of the environment as organizing points, two propositions about the politics of resource mobilization and the organizational structures designed to acquire resources are suggested:

(1) A school district with a relatively homogeneous and stable environment, particularly in those elements which provide funds, will have small and centralized organizational units for mobilizing resources.

[3] Ibid., p. 69.

(2) A school district with a relatively heterogeneous and shifting environment will have numerous and decentralized organizational units for mobilizing resources. Individuals in these units will be relatively powerful throughout the district because of their knowledge about and partial control of critical resources.

In the next Section, we will illustrate how these propositions apply to three schools we studied during the summer of 1970.

B. Organizational Structures in Three Districts

In a district with a homogeneous environment and a relatively stable rate of change, we would expect to find the superintendent and his immediate staff in control of the most productive sources of funds. Outside of this relatively small group, we would not expect to find persons who independently control important sources of income.

These generalizations seemed to hold in some of the districts studied. One of the best examples was a Northern district in an older, but very well maintained, suburban area. A large corporation had its headquarters located within the city and the assessed valuation per pupil was one of the highest in the state. The company was very well established and had no intentions of moving out. The population of the city was solidly middle income, with few wealthy or poor families. Even the teaching and administrative staffs were stable. Teachers averaged well over ten years of service in the district. A researcher would be hard-pressed to find a district that was more homogeneous and stable.

The organizational structure of the district reflected this environmental situation. The office of the superintendent was designed to deal with mobilizing from the major supplier of revenue, the local tax base. Careful liaisons were maintained with representatives of the large corporation, the school board, the PTA and a variety of citizen groups. Millage campaigns were carefully planned at the highest levels of the district administration. Care was taken to see that the right people were elected to the school board. All of this work paid off in the district being able to maintain a relatively independent posture vis á vis an aggressive municipal government and keep a strong, independent base to work from with a supportive school board and many supportive citizen groups.

The keys to the homogeneous and stable environment of the district appeared to be a tax base which was wealthy, expanding and appreciating in value; and the relatively stable demands for educational services from their middle class patrons. Substantial changes in either of these factors may lead to a diversification of the power in the administrative staff.

Shifts in these key variables were taking place in one larger city district we studied. Ten years ago, the district was still operating below the legal limit for mill levies on local property, the tax base was growing steadily, and the patrons of the district were relatively satisfied with the high quality of educational services they received. However, rising costs of personnel and construction, and the rising aspirations of some of its minority groups have placed new demands on

the administration of the district. Where there had formerly been a rather centralized administrative system, there was now a need to go beyond the local sources of revenue and also to develop a capability to deal with the demands of minority groups. Together, these changes were moving the city toward the organizational structure of a district with a more heterogeneous and shifting environment. These trends were expressed in the emergence of personnel with specialized skills in mobilizing funds from the federal and state governments and the co-optation of certain community leaders into the administrative staff. These new personnel had skills or attributes that gave them independent power in dealing with the superintendent. Also, and this is more central to the changes in organizational structure, the superintendent had many more problems competing for his attention. When local sources of revenue had been adequate, the superintendent could focus his efforts on getting a millage campaign passed, or in building local support for school expenditures generally. The new sources of revenue added complications. The superintendent was forced to delegate his authority over resource mobilization in a qualitatively different way than he had earlier. The specialists in federal aid were more than mere "resource people." They controlled significant sources of revenue through personal contacts, connections, and their intimate understanding of the guidelines and regulations. Further, these contacts and guidelines were changing constantly, thus giving the mobilizers working daily with these sources of income a continuing advantage as they were the only ones who could keep abreast of the changes.

The same may be true with respect to the changing demands for services from minority groups. Special skills and attributes are needed to interpret and remain current with these demands. For instance, blacks are increasingly insistent on working with a black counterpart in the school administration. Also, the demands for services change from year to year, with the recent emphasis placed on programs conceived and executed by the minority community itself.

The third school district, which provides an example of a district that has been facing a heterogeneous and shifting environment for several years, was located in a large, older central city in the North. Its revenues from local sources have been declining steadily for several years and there is no immediate prospect of a change in this trend. Further, the racial and ethnic composition of the district has been changing. There is underway a substantial exodus of white middle class residents from the central city to the suburbs. This group includes a number of ethnic groups, particularly people of Jewish and eastern European origins. Blacks and low income whites are taking the places left by those who leave for suburbia. For the school district, these shifts in population mean a rather substantial change in the demands for educational services.

The organizational structure of the district has adapted to this diversity in demands and income sources. Instead of one important source of income, as was the case in the first district we discussed, there are thirty or forty. Obviously, the superintendent has to delegate authority to work with these many sources. A procedure developed for dealing with this complexity. The superintendent, in collaboration with his "specialists"

on the demands of the various patrons in the district, put together programs to meet these demands. These programs are then passed onto the resource mobilizers. The mobilizers try to find a source (or sources) of funding for the programs. It should be noted that the mobilizers can inject some of their preferences for program content at this point. In fact, the program design is often initiated by the mobilizers. As they come across a program that could be funded, they consult within the district to see whether there is sufficient interest among those who would administer the program to devebp a proposal. Usually the decision to proceed turns on whether the proposed program can be adapted to local priorities and demands.

C. Summary

The organizational structure of the districts reviewed in this section reflected the complexity of the environment in which they were located. The more homogeneous and stable the environment, the more likely it was that the superintendent could dominate the decision making process. Delegation of duties from the superintendent may have been based on rules and guidelines that left little discretion. As the income structures diversified and/or the demands for educationa services began to shift, independent power groupings began to build up within the district. The superintendent, because of his limited ability to keep tabs on the more complex environment (i.e., "bounded rationality"), was forced to delegate in a qualitatively different manner than in a more homogeneous and tranquil district. He delegated more than simple managerial and clerical functions. Further, the staff members responsible for mobilizing resources

from the various state, federal and private sources exercised power independently of the superintendent and could bargain effectively for the fulfillment of some of their own preferences and values. It is conceivable that a superintendent could be completely overshadowed in the mobilizing process by a group of efficient and willful resource mobilizers.

V. CONCLUDING STATEMENTS

> It is a fruitful thing to start study of any social phenomenon at the point of least prestige. For, since prestige is so much a matter of symbols, and even of pretensions--however well merited--there goes with prestige a tendency to preserve a front of names, of indirection, of secrecy (much of it necessary secrecy). On the other hand, in things of less prestige, the core may be more easy of access. - -
>
> Everett C. Hughes[1]

Most analyses of budgeting begin with the elitist assumption that the decisions are made at the top of the hierarchy. The central orientation of this study has been to reverse this manner of thinking about federal aid. It has focused on the processes of resource mobilization by school districts and attempted to outline a framework for discovering and analyzing some of the important factors which influence their mobilization patterns. No organization passively accepts resources as they are "allocated" to it from above. Rather, organizations actively mobilize most of their

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[1] Everett C. Hughes, Men and Their Work (Glencoe: Free Press of Glencoe, 1958), pp. 48-49.

The main finding of our research on federal aid is that factors other than the regulations and formulae have a greater impact on the patterns of resource allocation used by recipient agencies. A melange of factors were discovered in the interviews with superintendents which influence the emergence of symbolic, catalytic or perfect patterns of allocation. As yet, the models developed in this study do not provide much guidance in predicting how future increments of federal aid will be used by organizations; they do, however, describe come of the factors which regularly influence the flow of these funds.

Federal allocators can have only very limited control over the final disposition of their funds. Our findings indicate that the ambiguity of the goals, the unsophisticated technologies, the number and characteristics of its income sources, strategies such as multi-pocket budgeting or marginal mobilizing, and professionalism and vested interests of school staffs are the primary groups of factors influencing patterns of mobilization in local school districts. Most of these factors are not easily regulated or controlled. They are not subject to "rational" or quick changes, if they can be changed at all. No indications were seen that the serious innovations necessary to reduce the number of income sources, effectively equalize school expenditures within and among classrooms, schools, school districts, and states, and radically increase federal support for education were being planned at any level of government. Rather, most of the activity seems to be centered in the areas promising the least results in terms of "rationalizing" federal aid flows--efforts to change matching fund

requirements, add maintenance of effort clauses, or manipulate the distribution formulas.

Marginal changes in formulas or requirements have not had a significant or predictable impact upon the way in which funds are spent at the local level. Federal controls erect a maze of requirements which, if they cannot be manipulated to fit the local district's objectives, will either be ignored, or the money will not be accepted or it will be diverted in some manner.

The "innovative" or "compensatory" effects of federal aid depend to a much greater extent, than current literature or prevalent thinking on budgeting or resource allocation indicate, upon the local administrators, organizations, and communities which receive federal money. Instead of local education being molded by federal aims, it appears that more often local educators are able to mold the federal money and programs to fit their own local priorities and values. More research is needed to describe the process of getting and spending federal dollars by local districts. If at times this process should be modified to meet pressing national needs, the process itself must be more fully understood.